

# CHAMBER of COMMERCE

JUNE 22, 2004

OF EASTERN CONNECTICUT, INC.

*Update*



## Legislative Update

from Congressman Rob Simmons

In May, the House passed legislation to prevent Americans from paying more taxes next year due to the Alternative Minimum Tax. H.R. 4227, the "Middle-Class Alternative Minimum Tax Relief Act of 2004," passed the House, 333 to 89. I was proud to sponsor this bill.

The AMT became law in 1969 to prevent high-income taxpayers from using deductions to avoid paying taxes. In 1993, the AMT was raised but it was not indexed for inflation. As a result, an increasing number of middle-income taxpayers were forced to pay the AMT.

Tax relief signed into law in 2001 reduced income tax rates across-the-

board and it also increased the AMT exemption amounts to ensure that working families received the full benefit of tax relief. However, those exemptions expire at the end of 2004. H.R. 4227 extends AMT relief, adjusted for inflation, through 2005. Under the bill, the 2005 exemption amounts would be \$58,950 for married couples and \$40,900 for single individuals.

By keeping taxes low we enable working families and individuals to keep more of their own paycheck, allowing them to invest, save and spend as they see fit. That's good economic policy.